

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 13, 2013**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$24,000,000

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**Project Information:**  
**Name:** Orvieto B Apartments  
**Project Address:** SWQ of Montecito Vista Drive and Montecito Vista Way  
**Project City, County, Zip Code:** San Jose, Santa Clara, 95111

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**Project Sponsor Information:**  
**Name:** To Be Formed L.P. (ROEM Development Corporation and Pacific Housing, Inc.)  
**Principals:** Robert Emami and Jonathan Emami for ROEM Development Corporation and Mark Wiese, Mat Eland, Molly Wiese, Laura Carnes and Cynthia Brooks for Pacific Housing, Inc.  
**Property Management Company:** FPI Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Hearing Date:** November 27, 2012

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 105, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

Orvieto B Apartments is located on a 1.73 acre site. There are a total of 106 apartments including the manager's unit. twenty-four 1-bedroom and eighty-two 2-bedroom units along with 204 parking spaces. All the units will feature balconies or patios. Unit amenities will include blinds, carpet and coat closets, central heating and cooling. Site features a laundry room, common area rooms, including a library, computer room and multi- purpose recreation room.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

10% (11 units) restricted to 50% or less of area median income households.

90% (94 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 & 2 bedrooms

Project will provide after school programs of on-going nature (tutoring, mentoring, homework club, and art and recreation activities).

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

|   |    |            |                                      |
|---|----|------------|--------------------------------------|
| <b>Estimated Total Development Cost:</b>      | \$ | 31,343,964 |                                      |
| <b>Estimated Hard Costs per Unit:</b>         | \$ | 155,448    | (\$16,322,005 /105 units)            |
| <b>Estimated per Unit Cost:</b>               | \$ | 298,514    | (\$31,343,964 /105 units)            |
| <b>Allocation per Unit:</b>                   | \$ | 228,571    | (\$24,000,000 /105 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$ | 228,571    | (\$24,000,000 /105 restricted units) |

| <b>Sources of Funds:</b>                        | Construction         | Permanent            |
|---|----------------------|----------------------|
| Tax-Exempt Bond Proceeds                        | \$ 24,000,000        | \$ 16,031,856        |
| LIH Tax Credit Equity                           | \$ 1,963,136         | \$ 10,319,239        |
| Developer Equity                                | \$ 2,479,106         | \$ 2,292,787         |
| Seller Note and Interest on Note                | \$ 2,120,000         | \$ 2,120,000         |
| Other (Deferred Res. Funding & Lease-Up Income) | \$ 781,723           | \$ 580,082           |
| <b>Total Sources</b>                            | <b>\$ 31,343,965</b> | <b>\$ 31,343,964</b> |

| <b>Uses of Funds:</b>              |                      |
|------------------------------------|----------------------|
| Acquisition/Land Purchase          | \$ 5,000,000         |
| On & Off Site Costs                | \$ 3,350,500         |
| Hard Construction Costs            | \$ 12,971,505        |
| Architect & Engineering Fees       | \$ 1,200,000         |
| Contractor Overhead & Profit       | \$ 1,238,861         |
| Developer Fee                      | \$ 2,500,000         |
| Cost of Issuance                   | \$ 125,000           |
| Other Soft Costs (Marketing, etc.) | \$ 4,958,098         |
| <b>Total Uses</b>                  | <b>\$ 31,343,964</b> |

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**Description of Financial Structure and Bond Issuance:**

This is a Citibank, N.A. (Citi) Private Placement transaction. Citi will providing the construction loan as well as the permanent loan. The permanent period loan will have a term of 15 years and an amortization of 35 years. The interest rate will be dependent upon market conditions at the time of closing the loan, based on 17 year "AAA" municipal bond rates as quoted by Thompson Municipal market Monitor (MMD) plus a spread of 2.20%. The permanent term interest rate will be approximately 4.75% not including any potential issuer fees.

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**Analyst Comments:**

Not Applicable

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**Legal Questionnaire:**

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

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**Total Points:** 68 out of 130  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$24,000,000 in tax exempt bond allocation.

**ATTACHMENT A**

**EVALUATION SCORING:**

| Point Criteria  | Maximum Points Allowed for Non-Mixed Income Projects | Maximum Points Allowed for Mixed Income Projects | Points Scored |
|---|--|--|---------------|
| Federally Assisted At-Risk Project or HOPE VI Project   | 20   | 20   | 0             |
| Exceeding Minimum Income Restrictions:  | 35   | 15   | 25            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project] | [10]   | [10]   | 10            |
| Gross Rents   | 5  | 5  | 5             |
| Large Family Units  | 5  | 5  | 0             |
| Leveraging  | 10   | 10   | 0             |
| Community Revitalization Area   | 15   | 15   | 0             |
| Site Amenities  | 10   | 10   | 5             |
| Service Amenities   | 10   | 10   | 5             |
| New Construction  | 10   | 10   | 10            |
| Sustainable Building Methods  | 10   | 10   | 8             |
| Negative Points   | -10  | -10  | 0             |
| <b>Total Points</b>   | <b>130</b>   | <b>100</b>                                       | <b>68</b>     |

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.